

Summary of Public Comments and Staff Responses
State Fiscal Year 2018-19 Intended Use Plan (IUP) Drinking Water State Revolving Fund (DWSRF)
Comment Period: April 19, 2018 to May 19, 2018

Commenter	Summary of Comments	SWRCB Response to Comments	Staff Proposed Changes to IUP
(1) California Municipal Utilities Association (CMUA)	(a) Supports the State Water Board's suggestion to streamline administration of the DWSRF/CWSRF. Recommends to create a workgroup comprised of current and former applicants, DFA staff, and members of the public to review current process and ensure the process is streamlined, efficient, user-friendly, and transparent.	As stated in the DWSRF IUP, the State Water Board's goals are to improve the financing process and to disburse funds timely to recipients. Staff will continue to reach out to stakeholders and applicants for feedback on how best to further improve the funding process.	No changes proposed.
	(b) Suggests aligning CWSRF and DWSRF IUPs language regarding eligible expenditures. States, CWSRF IUP allows for retroactive eligibility of construction expenditures, whereas the DWSRF IUP does not. Recommends State Water Board establish an effective date for eligible construction costs as early as the Notice to Proceed Date.	The State Water Board acknowledges that CWSRF and DWSRF IUPs should be aligned regarding eligibility of construction expenditures.	The DWSRF IUP will be modified to incorporate those provisions in the DWSRF IUP. However, recipients should be aware that proceeding with construction before an agreement is executed is at the applicant's risk because starting construction before the application review is complete may preclude the DWSRF from executing an agreement and because other potential changes in laws or policies may affect some or all funding eligibility.
	(c) Requests clarification of Disadvantaged Business Enterprise language and states incorporation of and compliance with requirements has been challenging for CMUA members and results in outcomes contrary to DBE program goals. Suggests the State Water Board develop a definition of types of purchases to which DBE requirements would be practically applicable.	The Disadvantaged Business Enterprise (DBE) Program is an outreach, education, and objectives program designed to increase the participation of DBEs in the CWSRF and DWSRF Programs. It is process driven and guidelines are available on the State Water Board website to assist with compliance with the Good Faith Effort, administration and reporting requirements. Staff is also available to assist recipients with meeting these requirements. https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/dbe_compliance_guidelines_instructions.pdf	No changes proposed.
(2) Community Water Center, Leadership Counsel for Justice and Accountability, Clean Water Action (CWA), and The Environmental Justice Coalition for Water (EJCW), and California Food Policy Advocates	Highlights for SFY 2018-19 IUP - a) Supports highlight #2 - <i>Increase the Per Connection Threshold for Authorizing Principal Forgiveness/grant</i> for a small community water systems that serve a DAC.	Thank you for the support.	No changes proposed.
	(b) Supports highlight #4 - <i>Continue Grant/Principal Forgiveness Funding for Expanded Small Water Systems Serving SDACs</i> ; supports the commitment of the Board to allow larger SDACs to apply for Principal Forgiveness to cover up to 50% of their project costs which will reduce the increase of water rates.	Thank you for the support.	No changes proposed.
	Prioritizing DWSRF Funds for Public Health Benefits - Short-term Goals: (c) Comments on short term goal #1, <i>Identify public health issues and evaluate solutions for SWSs, including technical assistance and consolidation where feasible</i> . Comments that Consolidations are important to help small systems stay in compliance, but do not have the adequate economies of scale to implement the necessary solutions. Thus, state funding and technical assistance is essential to ensure consolidations move forward in a way that benefits both the consolidation system and receiving system.	The State Water Board recognizes and agrees with the comments that technical assistance and consolidation are essential to providing solutions to small water systems with public health issues that are serving disadvantaged communities.	No changes proposed.
	(d) Agrees with short term goal #4, <i>reduce instances of noncompliance with drinking water standards by providing technical and consolidation assistance to SWSs with significant SDWA violations, including those PWSs that are violating the arsenic maximum contaminant level (MCL)</i> .	Thank you for the support.	No changes proposed.

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	Ensuring Perpetuity of the DWSRF Through Responsible Management Short-term Goals: (e) Supports short term goal #1, <i>Continue marketing and outreach efforts to PWSs, including application status reports, Spanish translation services, newsletters, and social media to advertise the availability of technical assistance to assist small, and disadvantaged communities as well as large PWSs.</i> Encourages SWRCB to hire technical staff that speak Spanish and can directly interact with impacted communities and encourages outreach in other languages.	The State Water Board undertands the need, and has a diverse group of staff that can engage and interact directly with impacted communities as well as conduct outreach activities in multiple languages, as necessary.	No changes proposed.
	Structure of the DWSRF/Prop 1 Drinking Water Program (Section III.B.) <i>TMF Capacity Assessment</i> - (f) Requests more to be done to help systems achieve the necessary TMF. Suggests for staff to work on how to utilize the authority granted to the Board through SB 552 (2016) to help systems who are struggling with managerial or technical issues. Comments if the Safe Affordable Drinking Water Fund passes, additional funds may be available to cover managerial consolidations and additional TMF assistance for struggling water systems.	The State Water Board recognizes the need for technical, managerial and financial (TMF) development assistance, especially amongst small water systems. The State Water Board continues to refine its TMF capacity development strategy and implementation plans, including the development of any additional programs and authority provided by the State Legislature/Governor's Office.	No changes proposed.
	DWSRF and Prop 1 Financing Terms - (g) Recommends to integrate into the IUP, a definition for "multiple benefit project." and integrate the concept into the priority system.	The prioritization system is designed to give priority to projects that would solve public health problem(s) as the primary benefit, and within each ranked category, priority is given to disadvantaged community and/or consolidation. The State Water Board is open to considering "multiple benefit project" as a priority factor when the need arises, and will consult with relevant stakeholders accordingly.	No changes proposed.
	Additional Comments - (h) Requests to include the option to pay for the cost of private laterals.	Staff agrees with the comment.	Eligibility critiera will be added to the proposed DWSRF IUP to allow for the reimbursement of the installation of private laterals by a public water system.
(3) California Water Association (CWA)	Inclusion of CPUC-Regulated Water Utilities - (a) Appreciates that the IUP states if Proposition 68 is approved on June 5th, the State Water Board will administer the drinking water funds from that Proposition consistent with the Prop 1 Drinking Water guidelines.	Thank you for the support and appreciation.	No changes proposed.
	(b) Requests as staff prepares the DWSRF Policy amendment, that the eligibility gains that CPUC-regulated public utilities have achieved in recent years in both DWSRF and CWSRF remain intact as this amendment moves forward.	State Water Board staff will be considering those eligibility gains for CPUC regulated systems that have already been approved by the State Water Board in past IUPs when developing a proposed amendment to the DWSRF Policy.	No changes proposed.

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	Extended Financing Constraints for CPUC-Regulated Utilities - <i>Extended Term Financing for a PWS</i> - (c) Comments (pg. 34), (1) a PWS seeking extended financing for a project serving a non-disadvantaged community must be owned by a government entity to receive a 30-year financing term is a significant hardship for customers of regulated public utilities. (2) Also states that because these utilities are owned by investors rather than a local or regional government entity, their customers are unduly discriminated against. The misconception is that regulated public utilities under the jurisdiction of the CPUC are considered to be "For-Profit" entities under the definitions on page 32 under "DWSRF and Prop 1 Financing Terms." "For-profit" is inaccurate because the utility's owners do not earn a profit or return on any infrastructure investments made with DWSRF or CWSRF loans or any grants made under Prop 1 or under any other granting authority. (3) In 2005, the DDW issued compliance orders to an owner of a small water system in Tulare County to correct nitrate, uranium, arsenic and gross alpha contamination in 14 groundwater wells. These wells served the community of River Island in Springville, near Porterville. Del Oro Water Company, a Class B water utility regulated by the CPUC, acquired the system in 2008 and commenced a process to rectify the problems with the drinking water. The company has received approval from the State Water Board for an SRF loan of \$5,189,176 for a mandated Treatment Plant & Conveyance System Project to remediate the groundwater for 419 customer service accounts in its River Island District Territory #1. CPUC approval is pending; the resolution will be considered at the Commission's June 21, 2018 Open Meeting. This community's median household income in 2016 was \$57,853, just above the limit to qualify as a DAC and be a recipient of grant funds. A SRF loan was the most feasible option for Del Oro Water. If the River Island community was a DAC, then Del Oro Water would be eligible for the 30-year extended financing terms. This would have an impact on the SRF surcharge, reducing it to an estimated \$48.33 per month. (4) Comments is aware that the extended financing constraints for regulated public utilities is a federal issue and not able to be resolved by the State Water Board. Also stated they appreciated the explanation given by DWA staff that this was	The State Water Board understands that not all "for-profit" privately owned public water systems are necessarily profitable, especially amongst those systems that serve small disadvantaged communities. The State Water Board has taken steps in recent years to provide grant funds to those types of systems to mitigate the cost of loans. State Water Board staff will evaluate project specific eligibilities with the applicants and relevant stakeholders to maximize loan affordability within existing constraints.	No changes proposed.
	(d) Requests that State Water Board staff engage with the Association's members in seeking a formal remedy to this limitation which affects the affordability capacity of customers of regulated public utilities. Also states that the extended financing option should be available to all water utility customers.	Thank you for recognizing that certain limitations on 30-year financing are a result of federal limitations. However, State Water Board staff may work with the Association's members to facilitate discussion on this issue.	No changes proposed.
(4) O'Connor Tract Co-Operative Water Company	(a) Comments that the title and amount for their planning project are incorrect and states it should read "Plan and Design of Manganese Treatment Plant" for the amount of \$150,000.	Staff agrees with the comment.	Project description and cost have been updated to reflect information from the applicant's second submittal of the general package.
	(b) Comments that their project is listed as a Class F project, but should be a Class E project.	Staff agrees with the comment.	Project ranking has been updated to reflect information from the applicant's second submittal of the general package.
	(c) Request that the IUP include a definition or scale of the Sustainability Score and comments that it is not explained in the IUP, but is included in the tables of appendices.	Staff agrees with the comment.	Language will be added to the proposed DWSRF IUP to clarify the definition and use of the term "Sustainability Score."